

How to Read Your Member Annual Statement

Please review the following sample statement carefully. An explanation of each section of the statement is printed in *italics*. If you require assistance with understanding your personal Member Annual Statement, please contact the New Hampshire Retirement System (NHRS) by email: statementhelp@nhrs.state.nh.us or by phone: 1-877-917-6477 x 285. Additional information about NHRS benefits is available on the back of this sample or on the NHRS web site at www.nh.gov/retirement.

New Hampshire Retirement System

4 Chenell Drive, Concord, New Hampshire 03301 • (603) 271-3351 or toll-free (877) 917-6477

YOUR NAME AND ADDRESS HERE:
Please make sure that NHRS has your correct mailing address.

MEMBER ANNUAL STATEMENT

(This statement is based on the NHRS fiscal year 07/01/2004 through 06/30/2005)

PERSONAL INFORMATION

For security purposes, only the last four digits of your social security number are listed. Your membership plan is based on your NHRS-covered employment: employee, firefighter, police officer or teacher. Your member contribution is based on your NHRS group classification. The member contribution rate for Group I (employees and teachers) is 5.0%; Group II (firefighters and police officers) is 9.3%. Reported wages are your earnings reported by your employer to NHRS during this statement period.

CONTRIBUTIONS

Contribution Type	As of 06/30/2004	Contributions	Interest	As of 6/30/2005
<u>Employee Current:</u>	Contributions paid by you to NHRS based on your member contribution rate.			
<u>Additional Contributions:</u>	Voluntary contributions paid by you to NHRS. (Please note that the additional contributions program is available to only those members who applied by 12/31/2004 and whose applications were approved.)			
<u>Contributions:</u>	The amount listed in this column includes all contributions paid by you to NHRS for this statement period only.			
<u>Interest:</u>	Credited interest on all of your contributions for this statement period. (The NHRS interest rate is currently 9.0%.)			
<u>Account Balance:</u>	The amount listed under "As of 6/30/2005" is the sum of all of your contributions and interest earnings as of 6/30/2005.			
<u>Post-Tax Contributions:</u>	Contributions paid by you to NHRS, which have already been taxed.			

SERVICE CREDIT

Service credit earned as a contributing member of NHRS (also referred to as "membership service") plus any service credit purchases as of this statement period, based on years and months of service.

BENEFICIARY INFORMATION

Name	SSN/TIN	Birthdate	Relationship	Distributions
The person(s) you designate to receive a death benefit and/or return of your contributions with earned interest upon your death prior to retirement. To change your beneficiary designation, contact NHRS for a beneficiary designation form.				

BENEFIT ESTIMATE INFORMATION – As of 6/30/2005

If you are vested (at least 10 years of creditable service), you will see an estimate of your service retirement pension here, based on your pension earned to date (salary and service credit as of 6/30/2005), referred to as the "accrued benefit".

You will also see a "projected benefit" here, based on your current salary and if you continue to earn NHRS service credit until normal service retirement age (refer to the back of this sample for details).

If you are not vested (do not have at least 10 years of creditable service), you will not see an estimate of your pension and should refer to the NHRS web site at www.nh.gov/retirement for more information about service retirement, or refer to the back of this sample for more information.

The information in this statement has not been audited. Your pension may be subject to benefit limitations under Internal Revenue Code Section 415(b). Contact NHRS before taking any action relative to your retirement planning.
IMPORTANT: Contact NHRS before terminating your NHRS-covered employment.

New Hampshire Retirement System (NHRS) Benefits

Membership

Members of NHRS include employees and teachers (Group I) and firefighters and police officers (Group II) who work for political subdivisions (cities, towns, school districts and other units of government), as well as state employees (individuals who are employed by the State of New Hampshire).

Type of Plan

NHRS is a defined benefit plan. Pensions are based on a formula that measures a member's service and salary credit; pensions are not based on contributions or NHRS investment earnings.

Service Credit

Membership service earned as a contributing NHRS member, plus service credit purchases. Service credit purchases (also referred to as prior service and optional service) may include out-of-state service, military service for military duty served prior to NHRS membership, probationary/temporary service, previously withdrawn service and employer enrollment oversight service. There are also provisions for service credit for members called to active military duty and for members who receive Workers' Compensation.

Salary Credit

A member's average final compensation (AFC), also referred to as final average salary (FAS), is the average of a member's three highest paid years of membership service. Certain limitations may apply.

Service Retirement – Group I (employees and teachers)

- Age 60, no minimum service credit required
- Pension amount ages 60-64 = $AFC \div 60$, multiplied by creditable service
- Pension amount age 65 and older = $AFC \div 66$, multiplied by creditable service
(All Group I pensions reduce at age 65, based on the age 65 formula)

Service Retirement – Group II (firefighters and police officers)

- Age 45 or older with at least 20 years of Group II creditable service; or
- Age 60, no minimum service credit required
- Pension amount = $AFC \times 2\frac{1}{2}\% \times$ creditable service

Vesting

Members with at least 10 years of creditable service are *vested* and have earned their right to a future benefit from NHRS, even if they terminate NHRS-covered employment prior to normal service retirement age. Members must *not* withdraw their NHRS funds in order to be eligible for a vested deferred retirement pension. Also, they must apply for the vested deferred retirement pension (see filing requirements, below); the benefit does not commence automatically.

Members Who Are Not Vested

Members who terminate their NHRS-covered employment prior to being vested (at least 10 years of creditable service) may leave their funds in NHRS up to 6 years as an inactive member. NOTE: Effective June 30, 2006, members who terminate their NHRS-covered employment prior to being vested may leave their funds in NHRS for only 2 years. Members who terminate their NHRS-covered employment may withdraw their contributions with credited interest either through a lump sum refund or a direct rollover into another qualified plan.

Pre-Retirement Death Benefits

A death benefit and/or refund of contributions with credited interest may be payable to a member's designated beneficiary(ies) if the member's death occurs prior to retirement, while the member is in service. Refer to the NHRS web site at www.nh.gov/retirement for information about pre-retirement death benefits or contact NHRS (see below) to request a pamphlet. NOTE: Members who are eligible for service retirement (see "Service Retirement", above) but continue to work in NHRS-covered employment are eligible to designate their lifetime pension to a single beneficiary or multiple children beneficiaries in the event of the member's death prior to retirement. Contact NHRS for the appropriate form.

Filing for NHRS Benefits

Members must apply for NHRS benefits. Pensions do not commence automatically. The law requires members to apply for their retirement benefits at least 30 days but no more than 90 days before the effective date of retirement, which is always the first of a month. Contact NHRS to apply for benefits (see below).

Important Reminders

- Members should contact NHRS prior to terminating their NHRS-covered employment.
- Members must file for benefits within the filing deadlines, listed above.
- Members are encouraged to review their beneficiary designation regularly and make changes, as necessary (for example, in cases of marriage, divorce, birth of child, etc.).

Please refer to the following extensions when contacting NHRS by phone at 1-877-917-6477:

Questions about information printed in your personal Member Annual Statement	x285
Service credit purchases	x232
Filing for retirement benefits	x279
Refunds and rollovers	x226
Copies of publications and general information	x272